

#### **REMARKS**

This response is being mailed with a three month request for extension of time to respond to the Official Action dated August 11, 2004, extending the deadline for making the response until February 11, 2005; as such, this response is timely.

#### **Specification**

The disclosure is objected to because the related application information is incomplete. The amended paragraph provided above answers and traverses this objection. Reconsideration is requested.

#### **Claim Objections**

Claims 1 and 2 are objected because the claims include bullet points, acronyms and italicized words. The claims have been cancelled and new identical Claims 3 and 4 have been provided to easily remove the bullet points. In relation to the acronyms and italicized words, the MPEP has been thoroughly reviewed and the Applicant cannot find any portion of the MPEP that objects to the use of acronyms and italicized words.

In MPEP 2111.01 Applicant may be its own lexicographer as long as the meaning assigned to the term is not repugnant to the term's well known usage, and upon any special meaning assigned to a term, the term must be sufficiently clear in the specification that any departure from common usage would be so understood by a person of experience in the field of the invention.

The term *EFD* (Claim 3) is first found on page 47 of the specification:

Forecasters – provide forecasts in the form of distributions, which are termed Exogenously Forecasted Distributions (*EFD*). Such *EFDs* are used for weighting the Foundational Table and are used for data shifting

The term *ac-Distribution* (Claim 4) is first found on page 80 of the specification:

In order to share their risks – for example, ultimately either Farmer FA or Farmer FB will be proved wrong – each farmer sketches a distribution or histogram representing their individual forecasts. Such distributions are shown in Fig. 33 with five bins. These distributions are termed *ac-Distributions* (ante-contract Distributions). They are shown in tabular format in Fig. 34, where matrix *AC-DistributionMatrix* contains each Farmer's *ac-Distribution*.

The term *PayOffMatrix* (Claim 4) is first found on page 81 of the specification:

Now if both *C-DistributionMatrix* and *geoMean-Distribution* are used as per Equation 6.0, then the result is matrix *PayOffMatrix* as shown in Fig. 39.

In addition, MPEP 608.01(o) only states that the meaning of every term used in any of the claims should be apparent from the descriptive portion of the specification. A term used in the claims may also be given a special meaning in the description. Thus if Applicant desires to use a term as described in the claims that may be an acronym and italicized such that one skilled in the art can easily identify the identical term in the specification and drawings, the MPEP does not prohibit such use. Reconsideration is requested.

### **Claim Rejections - 35 USC §101**

Claims 1 and 2 are rejected under 35 §101 as being directed to non-statutory subject matter. The Official Action asserts that these claims are rejected because "none of the recited steps are directed to anything in the technological arts as ... with the exception of the recitation in the preamble that the method is "computer implemented." As provided below, Applicant respectfully traverses this rejection. In short, 35 USC §101 explicitly recognizes a "process" as a proper statutory category that is protectable by patent. Applicant is aware of no requirement that a process must be claimed as a "computer implemented method." Indeed, many process claims have been issued by the US Patent Office that are not directed to computer implemented methods. Applicant is certainly aware of no requirement that the body of a method claim must include the "computer implemented" feature. Thus, because the preamble of the present claims specify that they are directed to a process (i.e., a method), and more particularly to a "computer implemented method," Applicant respectfully submits that these claims are directed to proper statutory subject matter in accordance with 35 USC §101. Further, Applicant respectfully submits that even if features recited in the preamble are not given patentable weight, the preamble can be used for determining the statutory category to which the claim is directed.

35 USC §101 provides: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title" (emphasis added). MPEP §2106.IV.A. explains that 35 USC 101 defines four categories of inventions that Congress deemed to be the appropriate subject matter of a patent; namely, processes, machines, manufactures and compositions of matter. The latter three categories define "things" while the first category defines "actions" ... See 35 USC §100(b) ("The term 'process' means process, art, or method, and includes a new use of a known process, machine manufacture, composition of matter, or material."). Thus, a process is recognized specifically by 35 USC §101 as appropriate subject matter of a patent. As such, Applicant respectfully submits that claims 1-2 (new Claims 3-4) fall within this recognized category of appropriate patentable subject matter. Accordingly, 35 USC §101 provides that Applicant "may obtain a patent therefor, subject to the conditions and requirements" of title 35 USC.

As the Supreme Court has held, Congress chose the expansive language of 35 USC §101 so as to include "anything under the sun that is made by man." *Diamond v. Chakrabarty*, 447 US 303, 308-09, 206 USPQ 193, 197 (1980). MPEP §2106.IV.A. further explains that the "subject matter courts have found to be outside the four statutory categories of invention is limited to abstract ideas, laws of nature and natural phenomena" (emphasis added). "These three exclusions recognize that subject matter that is not a practical application or use of an idea, a law of nature or a natural phenomena is not patentable." MPEP §2106.IV.A. (emphasis in original).

It appears that the Official Action in asserting that "the technological arts recited in the preamble ... does not confer statutory subject matter to an otherwise abstract idea" is effectively alleging that the method of Claims 1-2 (new Claims 3-4) recite an abstract idea. In other words, the Official Action appears to assert that unless a computer implementation is specifically recited for performing the method steps, the recited method is merely an abstract idea. Under this logic, the statutory category of "process" that is specifically recognized by 35 USC §101 is actually only proper if a claimed process is recited as being implemented by a computer. Applicant is not aware of any such restriction on this statutory category. Indeed, as described hereafter, the present claims are not directed to an abstract idea, irrespective of whether the recited elements are implemented in a computer.

For example, Claim 3 specifically recites "obtaining at least two Weighting *EFDs*; accessing data contained in a Foundational Table; determining bin weights that resolve non-convergence conflicts between two said Weighting *EFDs* and said accessed data contained in said Foundational Table; using said bin weights to determine a first at least one weight for a first at least one row of said Foundational Table; using said bin weights to determine a second at least one weight for a second at least one row of said Foundational Table; and providing said first at least one weight, said second at least one weight, said first at least one row of said Foundational Table, said second at least one row of said Foundational Table as at least two scenarios in a form suitable for an entity that subsequently uses said at least two scenarios." Claim 3 does not merely recite an abstract idea, but instead positively recites various actions to be performed in the claimed method (e.g., obtaining, accessing, determining, using in order to determine, providing).

Similarly, Claim 4 specifically recites "accepting an *ac-Distribution*, comprising at least two bins, from each of said at least two parties; accepting a contract quantity from each of said at least two parties; using said accepted *ac-Distributions* and said accepted contract quantities to determine a *PayOffMatrix* comprising at least two rows and at least two columns; determining which of said at least two bins subsequently manifests; and arranging a transfer of

consideration based upon said *PayOffMatrix* amongst said at least two parties." Claim 4 does not merely recite an abstract idea, but instead positively recites various actions to be performed in the claimed method (e.g., obtaining, accessing, determining, using in order to determine, providing).

MPEP §2106 provides that a "process that consists solely of the manipulation of an abstract idea is not concrete or tangible", and it further explains that "[o]ffice personnel have the burden to establish a prima facie case that the claimed invention as a whole is directed to solely an abstract idea." In the present case, the Examiner has failed to properly establish such a prima facie case. Indeed, the Examiner offers no reasoning as to why the recited process of claims 1-2 (new Claims 3-4) is asserted to be directed to an abstract idea other than asserting that the claims "do not show any structure or functionality to suggest that a computer performs the recited steps." Again, Applicant is aware of no requirement that a process be implemented in a computer in order to be proper statutory subject matter under US Patent laws.

MPEP §2106 further explains, with regard to the issue of whether a claim is directed to an abstract idea, that "only when the claim is devoid of any limitation as to a practical application in the technological arts should it be rejected under 35 USC §101." Applicant respectfully submits that claims 1-2 (new Claims 3-4) are not properly rejected in this regard because they recite subject matter that is a "practical application" the the technological arts. For instance, Claim 1 (new Claim 3) recites that the computer implemented method is "for generating scenarios." Further, Claim 3 recites various steps to be performed in generating scenarios, including "obtaining at least two Weighting *EFDs*; accessing data contained in a Foundational Table; determining bin weights that resolve non-convergence conflicts between two said Weighting *EFDs* and said accessed data contained in said Foundational Table; using said bin weights to determine a first at least one weight for a first at least one row of said Foundational Table; using said bin weights to determine a second at least one weight for a second at least one row of said Foundational Table; and providing said first at least one weight, said second at least one weight, said first at least one row of said Foundational Table, said second at least one row of said Foundational Table as at least two scenarios in a form suitable for an entity that subsequently uses said at least two scenarios." Thus Claim 3 is clearly not directed to merely an abstract idea that is devoid of any practical application, but instead specifically recites a method for generating scenarios. Thus, this provides a practical application in the generating scenarios arts.

Similarly, Claim 2 (new Claim 4) recites that the computer implemented method is "to share risk between at least two parties." Further, Claim 4 recites various steps to be performed in sharing risk between at least two parties, including "accepting an *ac-Distribution*, comprising at least two bins, from each of said at least two parties; accepting a contract quantity from each of said at least two parties; using said accepted *ac-Distributions* and said accepted contract quantities to determine a *PayOffMatrix* comprising at least two rows and at least two columns; determining which of said at least two bins subsequently manifests; and arranging a transfer of consideration based upon said *PayOffMatrix* amongst said at least two parties." Thus Claim 4 is clearly not directed to merely an abstract idea that is devoid of any practical application, but instead specifically recites a method to share risk between parties. Thus, this provides a practical application in the risk sharing arts.

MPEP §2106 also directs that when a claim is rejected as being directed to merely an abstract idea, "Office personnel must expressly state how the language of the claims has been interpreted to support the rejection." Thus, if this rejection is maintained in the next Official Action, Applicant respectfully requests that the Examiner more clearly set forth the reasoning for such rejection in accordance with the directives of the MPEP. Additionally, if the Examiner asserts that the process must be recited as implemented in a computer, Applicant respectfully requests that the Examiner identify the authority upon which the Examiner relies for requiring a process to be so implemented.

In view of the above, Applicant respectfully submits that Claims 1-2 (new Claims 3-4) are directed to proper statutory subject matter in accordance with 35 USC §101, and thus withdrawal of this rejection is requested.

#### **Claim Rejections - 35 USC §102**

Claims 1 and 2 are rejected under 35 USC 102(e) as being anticipated by Horrigan et al. The Applicant appreciates the teachings of Horrigan, however, Horrigan regards developing strategy, for a single entity, to optimize the timing of buy/sell orders of publicly traded financial instruments such as stocks and bonds. The Horrigan patent assumes that a decision to place the orders has already been made, and that what remains is to develop a strategy to execute the orders within a defined time interval.

In contradiction, the present invention does not regard optimizing the timings of buy/sell orders on behalf of a single entity. Instead, the present invention regards means (term "means" as used here should not be construed to limit invention in any way) for market participants (i.e. buyers and sellers) to specify terms they are each willing to accept for trading a new type of financial

instrument, which is itself part of the present invention. The present invention further includes means to optimize terms that market participants offer to trade the new type of financial instrument. The present invention also includes means to match sellers and buyers of the new type of financial instrument. Moreover, the present invention does not address offer/order timings, other than periodically matching sellers and buyers.

A main thrust of the present invention is forecasting and such forecasts can be used to calculate inputs for Horrigan's invention. They can also be used as inputs to U.S. Patents 6,219,649 and 6,625,577, which predate Horrigan, and which can be used for the same purpose that Horrigan's invention serves.

As regards to Claim 1 of the present invention, Horrigan has nothing analogous to "resolve non-convergence conflicts between two said Weighting *EFDs*" which regards determining weights to generate scenarios.

As regards to Claim 2 of the present invention, Horrigan does not accept two distributions comprising at least two bins, from at least two parties, and then match pairs of buyers and sellers to trade the present invention's new type of financial instrument.

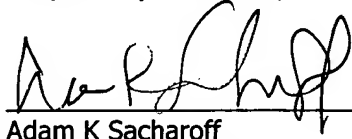
In view of the above, Applicant respectfully submits that Claims 1-2 (new Claims 3-4) are not anticipated by Horrigan, nor rendered obvious in view thereof. Reconsideration is requested.

### **Conclusion**

The Patent Office is authorized to charge the fees associated with the three-month extension of time and any additional fees associated with the filing of this response to deposit account 134825, with specific reference to 4000735.0023.

Applicant respectfully requests that a timely Notice of Allowance be issued in this case. If the Office has any questions, please free feel to contact the undersigned at 312-521-2775.

Date: 1-26-05

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**CERTIFICATE OF MAILING**

I hereby certify that the enclosed documents are being deposited with the United States Postal Service with sufficient postage addressed to Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on January 26, 2005.

  
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